

The Patiño Mining Corporation, 1968 Annual Report







## Financial Highlights

### For the Year

	1968	1967
Net earnings	\$ 3,039,000	\$ 2,523,000
<i>Per share</i>	<i>70c</i>	<i>58c</i>
Gain on disposal of investments	3,753,000	2,110,000
<i>Per share</i>	<i>86c</i>	<i>49c</i>
Amortization, depreciation	2,143,000	1,925,000
Outside exploration written off	470,000	530,000
Cash flow	9,405,000	7,088,000
<i>Per share</i>	<i>\$2.17</i>	<i>\$1.63</i>
Dividends paid	1,301,000	1,254,000
<i>Per share</i>	<i>30c</i>	<i>30c</i>

### At the Year-End

Working capital	\$ 4,238,000	\$ 2,706,000
Shareholders' equity at book value	56,171,000	49,942,000
Unrealized appreciation on quoted investments	20,100,000	20,569,000



## **The Patiño Mining Corporation (No Personal Liability)**

### **Directors**

Count du Boisrouvray, *Geneva*  
E. R. E. Carter, *Toronto*  
George Gutiérrez, *Toronto*  
William F. James, *Toronto*  
Stephen P. Ogryzlo, *Toronto*  
Jaime Ortiz-Patiño, *Geneva*  
Antenor Patiño R., *Paris*  
Sidney H. Robinson, *Q.C., Toronto*  
F. G. Tucker, *Toronto*  
William P. Wilder, *Toronto*

### **Officers**

Antenor Patiño R., *Chairman of the Board*  
E. R. E. Carter, *President and Chief Executive Officer*  
George Gutiérrez, *Vice-President (Corporate Affairs)*  
Stephen P. Ogryzlo, *Vice-President (Mining)*  
F. G. Tucker, *Vice-President (CDRH Group)*  
J. A. McKee, *Vice-President (Corporate Development and CTS Group)*  
P. J. Keenan, *Vice-President (Finance) and Treasurer*  
J. D. Kadlec, *Assistant to the President*  
G. D. Butterfield, *Assistant to the President*  
F. van de Water, *Controller*  
J. W. Lay, *Secretary*

### **Head Office**

Chibougamau, Quebec

### **Executive Office**

7 King Street East, Toronto

### **Auditors**

Price Waterhouse & Co., Toronto

### **Bankers**

Bank of Montreal

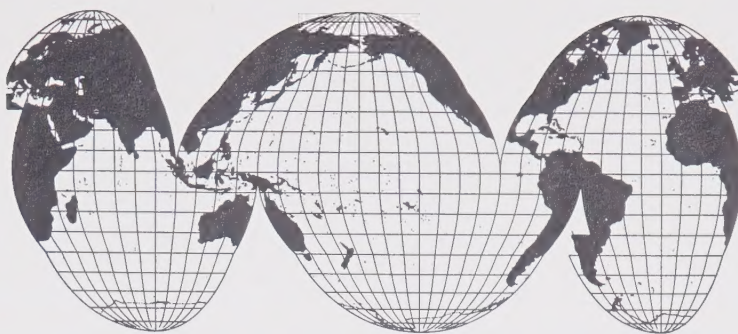
### **Counsel**

Toronto—Holden, Murdoch, Walton, Finlay, Robinson, Pepall & Harvey  
Montreal—Ogilvy, Cope, Porteous, Hansard, Marler, Montgomery & Renault

### **Transfer Agents and Registrars**

National Trust Company, Limited, Toronto, Montreal and Vancouver  
Canada Permanent Trust Company, Saint John

## Directors' Report



1968 was a year of achievement. Net earnings were \$3,039,000 (\$2,523,000) and earnings per share 70¢ (58¢) based on 4,341,300 shares outstanding. A capital gain of \$3,753,000 (\$2,110,000)—86¢ (49¢) per share—realized on the sale of investments is not included in net earnings. Cash flow was \$9,405,000 (\$7,088,000) or \$2.17 (\$1.63) per share. Dividends of \$1,301,000 (\$1,254,000) were paid at the rate of 30¢ (30¢) per share. At December 31, 1968 shareholders' equity (including unrealized appreciation on quoted investments but taking investments in Spain and New Caledonia at cost) was \$76,271,000 (\$70,511,000), working capital was \$4,238,000 (\$2,706,000) and there were no long term liabilities. Compañía de Bonos, Acciones y Negocios Industriales, S.A. exercised its remaining option on 100,000 shares. Under the Employee Stock Option Plan 4,500 shares were issued and options remain outstanding on 36,700 shares.

The Copper Rand Mines Division increased its metal production and net revenue substantially. Ore reserves were enlarged, interesting new sources of ore were indicated and the daily mill capacity increased. An extensive mineral exploration program, with base and precious metals the objectives, was conducted in Canada, New Caledonia, Spain, Mexico and Ireland. In addition to the successful results in New Caledonia and Spain work to date at Gaspé, Quebec, La Verde in Mexico and Avoca in Ireland indicates that economic copper ore bodies may be proved. In New Caledonia expanded work and expenditure produced most favourable results. Proved and probable nickel ore reserves on lands under option now exceed 100 million tons. Initial feasibility studies show that their treatment would be most profitable. The formal application which your Corporation filed with the Government of France in June 1968 for authority to proceed to production is being discussed and in the meantime exploration and engineering studies are being pursued. In Spain, Rio Tinto Patiño, S.A. has made considerable progress towards placing in production during 1970 its mine, mill, smelter, refinery and sulphuric acid plant to treat its copper-silver-gold ore reserves. Your Corporation maintains a 40% interest in the project but a revised form of financing has decreased its equity contribution. Consolidated Tin Smelters Limited achieved greater trading profits than expected despite the economic uncertainties which prevailed and is continuing to diversify in non-ferrous metals. The shareholding in Amalgamated Metal Corporation Limited was increased and the new tin smelter and secondary metals plant will commence operations in mid-1969. Brunswick Mining and Smelting Corporation Limited improved its operating results and reduced losses at its smelter. Substantially better performances are anticipated in 1969. As part of your Corporation's policy to regroup its interests, the shareholding in The Southern Maryland Agricultural Association of Prince George's County, Maryland, Inc. was sold to CDRH Limited late in 1968. In early 1969 the common and preference shareholdings in Advocate Mines Limited were sold. Both sales resulted in substantial capital gains. Your Corporation increased its interest in CDRH Limited which has established a solid earnings base, a sound financial position and is improving its growth internally and by acquisition.



Metal prices were relatively stable during 1968 except that copper and nickel, in which a further price increase occurred, were higher than expected. 1969 metal prices, reflecting recent increases in copper, zinc and lead and a possible further rise in the price of nickel, should be better than in 1968.

We remain confident in the outlook for your Corporation. The current year has begun well and the results should be satisfactory. The projects in hand offer promising future rewards. The policy is to expand where warranted.

The support of Simon I. Patiño, Succession and the achievements of all associated with the Patiño Group during a successful year are gratefully acknowledged.

On behalf of the Board of Directors

A handwritten signature in dark ink, appearing to read "SRE Carter". The signature is fluid and cursive, with the first part "SRE" being more compact and the last part "Carter" being more extended and flowing.

President and Chief Executive Officer

Toronto, March 31, 1969.

## Activities

### *Copper Rand Mines Division*

Metal production and net income increased by 14% and 29% respectively from milling and mining improvements. Mill modifications and additions made late in 1967 resulted in a higher daily mill rate and better metallurgical performances. Mine productivity improved and operating costs were reduced slightly despite increased wages and material costs. However, the labour contract concluded in December provides for a 22% increase in wages over three years which will increase the cost of production by about one cent per pound annually.

Important new sources of ore were developed at the Portage and Copper Cliff mines. The water problems in the South Eaton Bay zone in the upper section of the Copper Rand and Bouzan mines, where a substantial tonnage of high-grade ore exists, are being resolved and mining of this zone should permit better control of future copper production.

The search for new ore sources was aggressively continued. Expenditures of \$1,712,000 on mine development and capital items (net of revenue from development ore) were higher than normal because of shaft sinking and extensive development programs at the Copper Rand and Copper Cliff mines. After treating 708,134 tons, ore reserves at year end had increased by more than 277,000 tons to 5,265,000 tons. Since operations began in 1960, 5,848,513 tons have been milled.

### Summary of Production

	1968			1967		
Metal production:						
copper	26,680,655 lbs.			23,461,490 lbs.		
gold	19,154 ozs.			18,543 ozs.		
silver	94,082 ozs.			92,353 ozs.		
	Tons Milled	% Cu	Oz. Au	Tons Milled	% Cu	Oz. Au
Copper Rand	294,938	1.95		263,100	1.83	
Bouzan	49,978	2.10		73,514	1.86	
Jaculet	178,321	1.91		173,450	1.70	
Portage	176,238	2.08		162,035	2.13	
Other	8,659	2.20		8,280	1.87	
	708,134	1.99	0.039	680,379	1.88	0.035
Average daily mill rate	1,958 tons			1,879 tons		

### Summary of Underground Work

	Copper Rand— Bouzan	Jaculet	Portage	Copper Cliff	Bateman	Total
Shaft sinking (ft.)	527			455		982
Shaft stations (cu. ft.)	56,765			46,611		103,376
Sumps (cu. ft.)	20,238			31,004		51,242
Drifts & cross cuts (ft.)	8,432	6,491	4,122	3,523	743	23,311
Raises (ft.)	3,367	2,210	2,223	752		8,552
Diamond drilling (ft.)	45,975	28,158	32,903	12,682	1,756	121,474



**Ore Reserves**  
(to lowest level)

	December 31, 1968			December 31, 1967		
	Tons	% Cu	Oz. Au	Tons	% Cu	Oz. Au
Copper Rand	3,282,000	2.60	0.025	3,080,000	2.54	0.025
Jaculet	470,000	1.95	0.025	675,000	1.95	0.025
Portage	1,052,000	2.06	0.140	1,133,000	2.14	0.127
Copper Cliff	461,000	1.95	0.025	100,000	1.60	
	5,265,000	2.37	0.051	4,988,000	2.35	0.048

At the Copper Rand mine, sinking of the production shaft was completed to 3,072 feet providing six new levels for development. Because of anticipated substantial additions to ore reserves, the installation of a crushing station on the bottom level is being considered. On the lower levels most of the ore is in the Machin zone which is becoming an increasingly important source of ore at depth although slightly below average grade. With the water problems in the South Eaton Bay zone on the upper levels of the Copper Rand and Bouzan mines largely under control, some mining will be conducted in these areas in 1969. Diamond drilling from the new east heading on the 275 foot level of this zone has indicated an additional 200,000 tons of 3% copper ore.

Mining operations at the Jaculet mine were routine. Exploration on the adjoining property of the Bateman Bay Mining Company Limited continued under an operating agreement which provides for the sharing of profits from ore mined after reimbursement of all expenditures. The 900 level east drift of Jaculet was driven 1,845 feet to the common boundary and then advanced for 743 feet into Bateman ground. The last 130 feet of the drift was in ore grading 2.5% copper. A second small ore shoot is indicated by a drill hole near the boundary which intersected 11 feet averaging 3.5% copper.

At the Portage mine a change from cut-and-fill mining to shrinkage and blast-hole methods in the newly developed east zone, on the 1450 and 1600 levels, has resulted in higher productivity and lower costs. Two holes drilled to explore this zone several hundred feet below the 1600 level, preparatory to shaft sinking, intersected wide sections of good grade ore.

At the Copper Cliff mine the shaft was deepened 455 feet to 1,244 feet and three new levels were established. Initial development to the west of the crosscut on the 825, 975 and 1125 levels outlined an ore shoot about 200 feet long and 11 feet wide grading better than 3.5% copper. A drill hole to explore this zone at depth intersected three sections of ore about 300 feet below the 1125 level. Because of this important development shaft deepening will continue to 1550 feet to provide two additional levels.

*Mineral Exploration*

The search for new mineral deposits continued at the previous year's accelerated pace with expenditures on mining projects and exploration of \$2,179,000. Activities were concentrated in Canada, New Caledonia, Spain, Mexico and Ireland and were conducted alone and in partnership with others.

Exploration work was carried out in a number of areas to the north of Chibougamau, Quebec for base metals and uranium. Although nothing of importance was found further work is planned for 1969.



At the Lime Hill property on Cape Breton Island 3,683 feet of diamond drilling were completed in 8 holes to explore a zinc deposit that was acquired by staking. This work indicated 150,000 tons of ore grading 9.0% zinc to a depth of 260 feet.

Late in the year your Corporation, jointly with Terra Nova Explorations Limited, staked some 250 claims over two large airborne magnetic anomalies on the north shore of Baffin Island. The very strong magnetic intensity indicates that the formations in the area contain a high percentage of iron.

Exploration was continued on the property of Sullipek Mines Inc., (24.5% owned by your Corporation) in the Gaspé Park, Quebec where previous drilling had indicated 2,500,000 tons of ore grading 1.0% copper to a depth of 500 feet. An adit was driven 2,900 feet into the hill at elevation 2,050 feet and parallel drifts have been started to permit delimiting of the ore zone by underground diamond drilling. Six surface drill holes totalling 4,745 feet were drilled to investigate geophysical targets but encountered nothing of interest.

In northern British Columbia, Lytton Minerals Limited (39% owned by your Corporation) in partnership with Mitsui Mining and Smelting Company completed 37 additional holes totalling 21,726 feet in the exploration of its low-grade porphyry copper deposit near Dease Lake. This work increased the indicated tonnage to 20,000,000 tons grading 0.44% copper. Lytton also carried out prospecting and exploration programs in northern British Columbia, Yukon and northern Saskatchewan with negative results.

In Mexico, Lytton continued exploration of the La Verde copper deposit near Uruapan, Michoacan (which is owned by Minas del Otoño, S.A. whose shares are under option to Lytton) and on contiguous properties acquired by application to the Government. Underground work from two adits and percussion and diamond drilling in the area of the mine workings have indicated in excess of 10,000 tons per vertical foot of 1.0% copper ore in a monzonite breccia intrusive complex. Other areas with similar copper mineralization have been found near the mine in test pits and in isolated diamond drill holes. On a ridge about one mile to the west of the mine a strong geochemical anomaly with nearly coincident induced polarization readings has been located. It could hold important possibilities. Work completed in 1968 included 1,230 feet of crosscutting, 8,000 feet of surface diamond drilling in 15 holes and 5,000 feet in underground and surface percussion drilling. Substantial exploration remains to be done before the potential of the property can be fully determined.

Avoca Mines Limited (33½% owned by your Corporation and British Tin Investment Corporation, Limited) completed its program of underground exploration at the Saint Patrick's Copper Mine near Avoca, Ireland. The two-year program included 3,539 feet of drifting and crosscutting and 19,973 feet of diamond drilling. Expenditures were approximately \$800,000. Ore reserves are estimated at 12,000,000 tons averaging 0.85% copper after providing for 22% dilution. A decision on placing the property in production will be made shortly.

Elsewhere in Ireland exploration is continuing on the 11 prospecting permits optioned by your Corporation to American Smelting and Refining Company Limited.

In Spain, your Corporation continued exploration of large prospecting permits in Huelva province as required under its agreement with Compañía Española de Minas de Río Tinto, S.A. In addition to geological mapping and soil sampling of large areas numerous ground geophysical surveys and 3,500 miles of airborne electro-magnetic and magnetometer surveying were completed. Many targets remain to be investigated by diamond drilling.



## *New Caledonia*

Exploration was expanded with highly satisfactory results. New options were arranged over geologically favourable areas and others terminated so that 64,662 acres are now under option. 38,000 feet of drilling were completed in 730 holes on 10 properties located in various parts of the island but concentrated mainly on the Poum deposit. Access roads were built, test pits dug, aerial photography carried out, harbour soundings made and preliminary investigations conducted of possible sites for plant, water reservoir, townsite and waste disposal. Camp facilities were improved and the staff enlarged. Additional heavy duty drills and transport equipment were purchased and a new chemical laboratory and several staff residences are being constructed. Representative samples of ore are undergoing metallurgical testing in Canada, the United States and Japan.

Proved and probable ore reserves now exceed 100 million tons. The economic evaluation of the reserves is most significant and particularly so after reflecting the recent nickel price rise and the strong demand. The Poum deposit which contains 50 million tons of proved ore grading approximately 2.0% nickel plus cobalt can supply a 5,000-ton-per-day plant for 30 years producing 60 million pounds of nickel and cobalt annually. The deposit is on the sea coast at the north end of the island where good sites are available for plant, wharf and townsite. The waste to ore ratio is 0.4 to 1 and mining will be possible by open-cut methods. Preliminary process and feasibility studies indicate good nickel recoveries and low production costs. Other important but lower grade deposits, located on the east coast, will be investigated in detail in 1969.

In June 1968 your Corporation filed a formal application with the Government of France for the necessary authorizations to bring to production the nickel cobalt reserves under option and to establish at Poum a metallurgical plant with an annual capacity of 50 to 60 million pounds. Discussions on the application are proceeding and bearing in mind your Corporation's ability to finance the whole project, its willingness to meet the requirements established by the Government of France and the beneficial results which would accrue to New Caledonia, your Corporation is confident of a satisfactory conclusion to its negotiations. Pending the granting of the authorizations your Corporation is continuing its exploration program and engineering studies on all phases of the project.

## *Rio Tinto Patiño, S.A.*

By the end of 1970, Rio Tinto Patiño, S.A. (RTP) (40% owned by your Corporation) plans to commence production from its Cerro Colorado open-pit mine at Rio Tinto in southern Spain with concentrating plants having daily capacities of 11,000 and 5,000 tons for copper and gold-silver ore respectively. Diamond drilling has proved 40 million tons of ore with 0.80% copper after dilution and 20 million tons of gossan with 0.07 oz. gold and 1.5 oz. silver. Western Knapp Engineering Division of Arthur G. McKee and Co., San Francisco, is proceeding with detailed engineering and construction.

Lurgi Gesellschaft für Chemie und Hüttenwesen m.b.H. of Frankfurt has designed and is constructing RTP's custom copper smelter, electrolytic refinery and sulphuric acid plant at Huelva on the Atlantic seacoast of Spain. The complex with annual capacities of 60,000 tons of copper and 250,000 tons of sulphuric acid production should be on stream by the middle of 1970.

The projects will cost approximately U.S. \$75 million but the smelter complex will receive Spanish Government grants of 20%, substantial reductions of import duties and other benefits. RTP has established loan credits to meet a large part of the required expenditures. Your Corporation's financial participation will be an equity investment of U.S. \$3 million, already expended, the guarantee of its banker's loans to RTP of U.S. \$15 million repayable over five years, other loans in amounts to be determined



and guarantees of certain credits extended to RTP. With its location, integration and potential for expansion, RTP should achieve successful operations and be a profitable investment for your Corporation.

*Consolidated Tin  
Smelters Limited*

Trading profits of the Consolidated Tin Smelters Limited (CTS) Group (68% owned by your Corporation) were higher than expected despite unfavourable economic conditions. The tin smelting subsidiaries in Malaysia and Nigeria operated successfully and retained their substantial holdings in shares of tin mining companies. The problems which were experienced at the United Kingdom smelter should be resolved with the transfer of its operations to the Kirkby site near Liverpool in mid-1969. The Group retains its premier position in tin smelting having smelted, with its associated company in Australia, 41% of the free world's tin. In September 1968 a limited degree of export control was imposed under the International Tin Agreement to ensure the long term stability of tin mining and smelting. The effect on the Group's future earnings should not be significant.

The Kirkby tin smelting plant and secondary metals works will be a major development with substantial potential, although the benefit will not be fully reflected until 1970. The 35 acre site is ideal and the first stage of the plant costing about £3.5 million (assisted by Government grants applicable in development areas) should ensure the profitable treatment of different grades of tin concentrates and secondary materials. New metallurgical processes are being developed which within a few years should contribute to the Group's profitability.

The industrial operations were satisfactory but they will be rationalized wherever possible. The activities in Australia have been partly reorganized but they are not yet satisfactory.

CTS holds 60% of British Tin Investment Corporation, Limited (BTIC) a United Kingdom based investment trust which at December 31, 1968 had net assets of £22,981,000 (£18,816,000 at March 31, 1968). In addition to £14,100,000 invested in North American and British securities, BTIC now holds 46% of Amalgamated Metal Corporation Limited (AMC) and intends to obtain over 50%. AMC operates in 26 countries, is a diversified group and its constituent companies (The British Metal Corporation Limited, Henry Gardner & Co., Limited and the Sternberg Group) are leading traders in metals, minerals and other commodities. AMC has substantial investments in the United Kingdom and abroad, including 20% of Norddeutsche Affinerie A.G. of Germany, 46% of C. Tennant Sons & Co., of New York and 17% of Aluminium Bahrain, which is erecting and will operate an aluminum smelter in Bahrain in late 1970.

CTS policy is to increase its participation in non-ferrous metals. The Kirkby development and control of AMC will provide advantageous diversification within the metals industry. The Group's administration is being reorganized and will provide an economic and efficient management structure for future growth. The net assets at December 31, 1968 attributable to CTS common shareholders amounted to £25,443,000 (£22,049,000 at March 31, 1968) valuing the tin smelting subsidiary in Malaysia and the BTIC Group investments at market.



The financial highlights for the nine month period to December 31, 1968 were

<b>For the Period</b>	Nine Months to December 31 1968	Year to March 31 1968
Sales	£75,865,000	£94,181,000
Net earnings	613,000	802,000
Dividends paid	589,000	785,000

<b>At the Balance Sheet Date</b>	December 31 1968	March 31 1968
Working capital	£ 1,945,000	£ 3,416,000
Quoted investments		
<i>at book value</i>	15,073,000	14,166,000
<i>at market</i>	27,602,000	23,334,000
Fixed assets (net)	3,877,000	2,769,000
Shareholders' equity		
<i>Preferred</i>	1,406,000	1,406,000
<i>Common</i>	13,689,000	12,881,000
Unrealized appreciation on quoted investments	12,529,000	9,168,000

#### *CDRH Limited*

Substantial growth and diversification, an enlarged equity and increased earning power have been achieved since May 1, 1967. The result is a solid earnings base in five divisions operating in Canada and the United States and a sound financial position. Efforts will continue to improve growth internally and by acquisition. Consolidated net profit for the year ended April 30, 1968 was \$1,243,000 (\$892,000) which included \$270,000 (\$104,000) for claims received on work completed in prior years and earnings for five months from the camps and catering division acquired in December 1967.

In November 1968, CDRH purchased 51.6% of the issued shares of The Southern Maryland Agricultural Association of Prince George's County, Maryland, Inc. (SMAA) for \$4,383,000. SMAA owns and operates two race tracks: the Bowie Race Course in Maryland and the Freehold Raceway in New Jersey. The thoroughbred racing division at Bowie had pari-mutuel wagering during 52 days of (U.S.) \$60.9 million in 1968. The standardbred racing division at Freehold had pari-mutuel wagering during 100 days of (U.S.) \$53.9 million in 1968. For the year ended December 31, 1968 (in United States funds) the aggregate pari-mutuel wagering was \$114,818,000 (\$105,263,000), consolidated net profit was \$1,774,000 (\$933,000), shareholders' equity was \$6,090,000 (\$4,292,000) and long term debt at the year end was \$8,373,000 (\$9,230,000).

The acquisition of SMAA was financed by a rights issue comprising one share at \$10.50 for each 3.5 shares outstanding which raised \$3,054,000, a bank loan of \$1,200,000 repayable as to \$300,000 in April 1970 and \$900,000 in October 1970 and the balance from corporate funds. In addition, CDRH arranged for the redemption of all 6½% Convertible Debentures not converted into common shares by December 31, 1968. The issued share capital of CDRH at December 31, 1968 was 1,320,892 shares and 11,679 shares were subject to issue under an Employees' Stock Option Plan.

For the nine months ended January 31, 1969 the consolidated net profit of CDRH was \$1,105,000 (\$497,000). This reflects the inclusion of earnings from SMAA since November 1, 1968, increased activity in the dredging and marine construction division, consistent earnings from the restaurant and motor hotel division and earnings for nine instead of two months from the camps and catering division.



**The Patiño Mining Corporation (No Personal Liability) and Consolidated Subsidiaries**

**Consolidated  
Statement  
of Earnings**

	Year ended December 31 <b>1968</b>	December 31 <b>1967</b>
<b>Revenue</b>		
Metal sales.....	\$14,156,000	\$12,452,000
Dividend income, less taxes withheld.....	1,320,000	1,236,000
Other income, including profit on sale of marketable securities.....	323,000	408,000
	<u>15,799,000</u>	<u>14,096,000</u>
<b>Expenses</b>		
Mine operating, milling and general.....	6,451,000	5,956,000
Smelting, refining and freight.....	2,746,000	2,356,000
Corporate and administrative.....	552,000	435,000
Interest.....	135,000	204,000
Mining and capital taxes.....	263,000	167,000
	<u>10,147,000</u>	<u>9,118,000</u>
	5,652,000	4,978,000
Amortization of mine development costs.....	1,391,000	1,245,000
Depreciation.....	752,000	680,000
Outside exploration written off.....	470,000	530,000
	<u>2,613,000</u>	<u>2,455,000</u>
Net earnings.....	<u>\$ 3,039,000</u>	<u>\$ 2,523,000</u>

**Consolidated  
Statement of  
Earned Surplus**

	Year Ended December 31 <b>1968</b>	December 31 <b>1967</b>
<b>Balance, beginning of year.....</b>	\$13,287,000	\$ 9,908,000
Net earnings.....	3,039,000	2,523,000
Net gain on disposal of investments.....	3,753,000	2,110,000
	<u>20,079,000</u>	<u>14,541,000</u>
Deduct: Dividends paid.....	1,301,000	1,254,000
<b>Balance, end of year.....</b>	<u>\$18,778,000</u>	<u>\$13,287,000</u>
<i>(See accompanying notes to financial statements.)</i>		

**The Patiño Mining Corporation**(No Personal Liability)and Consolidated Subsidiaries

**Consolidated  
Balance Sheet**

Assets	December 31 1968	December 31 1967
<b>Current Assets</b>		
Cash . . . . .	\$ 51,000	\$ 5,000
Marketable securities, at cost (market value 1968 \$828,000; 1967 \$725,000) . . . . .	747,000	754,000
Accounts receivable . . . . .	256,000	298,000
Estimated amount receivable for concentrates . . . . .	3,905,000	3,636,000
Inventory of supplies, and prepaid expenses . . . . .	440,000	555,000
	<u>5,399,000</u>	<u>5,248,000</u>
<b>Investments, at cost</b>		
Non-consolidated subsidiaries . . . . .	15,414,000	14,497,000
Associated and other companies		
Securities having a quoted market value, (market value 1968 \$18,368,000; 1967 \$14,769,000) . .	6,938,000	6,633,000
Other securities . . . . .	6,779,000	4,542,000
	<u>29,131,000</u>	<u>25,672,000</u>
<b>Property, Plant and Equipment, at cost</b>		
Plant, equipment and townsite . . . . .	9,711,000	9,336,000
Less: Accumulated depreciation . . . . .	7,275,000	6,523,000
	<u>2,436,000</u>	<u>2,813,000</u>
Mining properties . . . . .	2,554,000	2,554,000
	<u>4,990,000</u>	<u>5,367,000</u>
<b>Other Assets</b>		
Mine development costs . . . . .	22,064,000	20,727,000
Less: Amortization . . . . .	10,568,000	9,177,000
	<u>11,496,000</u>	<u>11,550,000</u>
Mining projects at cost, less amounts written off . . . . .	6,272,000	4,563,000
Special refundable tax . . . . .	44,000	84,000
	<u>17,812,000</u>	<u>16,197,000</u>
	<u>\$57,332,000</u>	<u>\$52,484,000</u>

*(See accompanying notes to financial statements.)*



## Liabilities and Shareholders' Equity

December 31  
**1968**

December 31  
**1967**

### Current Liabilities

Bank advances . . . . .	\$ 69,000	\$ 111,000
Bankers' acceptances . . . . .	—	700,000
Accounts payable . . . . .	881,000	954,000
Amounts owing to associated companies . . . . .	—	348,000
Mining tax payable . . . . .	211,000	129,000
Property purchase obligation instalment . . . . .	—	300,000
	<u>1,161,000</u>	<u>2,542,000</u>

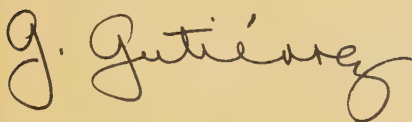
### Shareholders' Equity

Share capital, par value \$6.50 per share		
Authorized: 5,000,000 shares		
Issued: 4,341,300 shares (1967 4,236,800 shares) . . . . .	28,218,000	27,539,000
Premium on shares issued . . . . .	9,175,000	9,116,000
Earned surplus . . . . .	18,778,000	13,287,000
	<u>56,171,000</u>	<u>49,942,000</u>

Signed on behalf of the Board:



Director



Director

\$57,332,000

\$52,484,000

**The Patiño Mining Corporation** (No Personal Liability) and Consolidated Subsidiaries

**Consolidated  
Statement of  
Source and  
Application  
of Funds**

	Year Ended	December 31 1968	December 31 1967
<b>Source of Funds</b>			
Net earnings . . . . .		\$ 3,039,000	\$ 2,523,000
Depreciation . . . . .		752,000	680,000
Amortization of mine development costs . . . . .		1,391,000	1,245,000
Issue of shares . . . . .		738,000	2,476,000
Special refundable tax . . . . .		40,000	27,000
Sale of investments . . . . .		5,161,000	11,826,000
		<u>11,121,000</u>	<u>18,777,000</u>
<b>Application of Funds</b>			
Mine development . . . . .		1,337,000	930,000
Plant and equipment (net) . . . . .		375,000	760,000
Property purchase obligation . . . . .		—	300,000
Acquisition of investments . . . . .		4,867,000	7,504,000
Dividends . . . . .		1,301,000	1,254,000
Mining projects (net) . . . . .		1,709,000	3,084,000
Non-current bank loan . . . . .		—	3,600,000
		<u>9,589,000</u>	<u>17,432,000</u>
<b>Increase in Working Capital</b>			
Working capital, beginning of year . . . . .		2,706,000	1,361,000
Working capital, end of year . . . . .		4,238,000	2,706,000
		<u>\$ 1,532,000</u>	<u>\$ 1,345,000</u>

*(See accompanying notes to financial statements.)*



## Notes to Consolidated Financial Statements

### Basis of Consolidation

The consolidated financial statements include the accounts of all subsidiaries except Consolidated Tin Smelters Limited (and its subsidiaries), referred to in the note below, and two other subsidiaries which are relatively unimportant as to net assets and earnings, the investments in which are carried at \$290,000 (\$153,000).

### Consolidated Tin Smelters Limited

At December 31, 1968, the Company held 2,673,466 ordinary shares (2,589,607) of Consolidated Tin Smelters Limited carried at \$15,124,000 (\$14,344,000). The holding represents 68% (66%) of the outstanding ordinary shares of that company and had a quoted market value of \$23,794,000 (\$26,777,000).

It is the Company's practice to record as income from this subsidiary only dividends received which, less withholding tax, amounted to \$883,000 (\$1,006,000). The Company's share of the profits shown by the audited consolidated financial statements of this subsidiary amounted to \$1,075,000 for the nine months ended December 31, 1968. The Company's equity in the book value of the consolidated net assets of this subsidiary amounted to \$23,830,000 as at December 31, 1968. If quoted market values of investments are substituted for book values, the Company's equity in the consolidated net assets would be increased to \$45,640,000.

### Investments in Associated and Other Companies

	Number of shares or par value	Percentage of outstanding shares	Quoted market value
<i>Securities having a quoted market value:</i>			
Common Shares			
Advocate Mines Limited	600,000(1)	10%	\$ 1,800,000
Brunswick Mining and Smelting Corporation Limited	691,000	4%(2)	5,735,000
CDRH Limited	511,325	38%(2)	6,967,000
Lytton Minerals Limited	1,465,000	39%	3,721,000
Miscellaneous Securities			145,000
			\$18,368,000
<i>Other Securities:</i>			
Preference Shares: \$100 par value			
Advocate Mines Limited	30,967(1)	17%	
Common Shares			
Rio Tinto Patiño, S.A.	200,000	40%	

1) Subsequent to the balance sheet date the Company sold all of its common and preference shares of Advocate Mines Limited for \$5,496,700 of which \$916,000 has been received and the balance is payable in five equal instalments during 1970 to 1973.

2) Adjusted to reflect dilution which may occur on exercise of outstanding options on unissued shares.

It should be noted, particularly with respect to substantial holdings referred to in the notes above, that the values may be more or less than indicated by market quotations.

### Mining Projects

The amount shown for mining projects consists mainly of the cost of optioning, drilling, testing and evaluating mining properties in New Caledonia.

### Shareholders' Equity

During 1968, options were exercised on 104,500 shares of the Company for a total consideration of \$738,000, of which \$59,000 was credited to premium on shares issued. Options are outstanding for 36,700 shares at prices from \$6.00 to \$8.50 (expiring 1972 to 1974) under an executive incentive plan.

**Contingent Liabilities**

The Company has undertaken to guarantee certain bank loans to a maximum amount of \$15,000,000 U.S. to be made to Rio Tinto Patiño, S.A. in Spain. In addition, the company expects to have to guarantee 40% of loans made to purchase certain equipment by that company.

The Company is contingently liable under a guarantee of 7% First Mortgage bonds of Canadian Dredge & Dock Limited amounting to \$1,375,000 as at December 31, 1968 and holds security under the assignment of a debenture issued by that company.

**Remuneration of Directors and Senior Officers**

Directors and senior officers of the Company received, in 1968, total remuneration of \$370,000 of which only \$25,000 (directors' fees) was paid by the Company. The remaining amount of \$345,000 was paid almost entirely by a non-consolidated subsidiary which provides services to companies in, or connected with, the Patiño Group in return for management fees. A material portion of the total remuneration, as above, was therefore borne by associated companies whose accounts are not consolidated in the accompanying statements.

**Corporation Income Taxes**

No income taxes are payable for the year ended December 31, 1968 and no income taxes have been provided in the accounts as this basis of accounting is considered appropriate for the Company. If income taxes had been provided on the basis of reported income (the tax allocation basis) as recommended by the Accounting and Auditing Research Committee of The Canadian Institute of Chartered Accountants, net income for the year would have been reduced by approximately \$681,000 and the balance sheet would have included deferred income tax credits of approximately \$760,000.

**Auditors'  
Report**

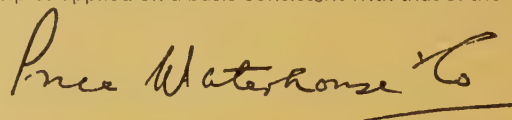
Price Waterhouse & Co.

P.O. Box 51  
Toronto-Dominion Centre  
Toronto 1  
March 22nd, 1969

To the Shareholders of The Patiño Mining Corporation (No Personal Liability):

We have examined the consolidated balance sheet of The Patiño Mining Corporation (No Personal Liability) and consolidated subsidiaries as at December 31, 1968 and the consolidated statements of earnings, earned surplus and source and application of funds for the year then ended and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the companies, with the exception of the matter referred to in the note on Corporation Income Taxes, these consolidated financial statements are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the companies as at December 31, 1968 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



Chartered Accountants.



## Five Year Financial Summary

<b>For the Year</b> (in thousands)	1968	1967	1966	1965	1964
Metal sales	\$14,156	\$12,452	\$12,959	\$11,789	\$11,915
Dividends and other income	1,643	1,644	1,037	989	568
<b>Total revenue</b>	<b>15,799</b>	<b>14,096</b>	<b>13,996</b>	<b>12,778</b>	<b>12,483</b>
Operating costs	10,147	9,118	9,141	8,571	8,603
Amortization and depreciation	2,143	1,925	1,933	1,907	1,854
Outside exploration written off	470	530	523	138	50
<b>Total expenses</b>	<b>12,760</b>	<b>11,573</b>	<b>11,597</b>	<b>10,616</b>	<b>10,507</b>
<b>Net earnings</b>	<b>\$ 3,039</b>	<b>\$ 2,523</b>	<b>\$ 2,399</b>	<b>\$ 2,162</b>	<b>\$ 1,976</b>
Gain on disposal of investments	\$ 3,753	\$ 2,110	—	—	\$ 3,975
<b>Cash flow</b>	<b>9,405</b>	<b>7,088</b>	<b>4,855</b>	<b>4,207</b>	<b>7,855</b>
Expenditures on plant and equipment	375	760	125	110	174
Mine development costs	1,337	930	590	508	1,060
Expenditures on mining projects and exploration	2,179	3,614	1,601	514	75
Dividends paid	1,301	1,254	969	952	730
<b>Per share</b>	<b>30¢</b>	<b>30¢</b>	<b>25¢</b>	<b>25¢</b>	<b>20¢</b>
<b>At The Year-End</b> (in thousands)					
Working capital	\$ 4,238	\$ 2,706	\$ 1,361	\$ 1,266	\$ 2,853
Investments at cost	29,131	25,672	27,884	26,397	21,492
<i>at market</i>	49,231	46,241	40,468	46,409	40,699
Property, plant and equipment (net)	4,990	5,367	5,287	5,833	6,394
Mine development costs (net)	11,496	11,550	11,865	12,539	13,267
Mining projects, less amounts written off	6,272	4,563	1,479	400	—
Other assets	44	84	111	—	25
Non-current liabilities	—	—	(3,900)	(3,850)	(3,997)
Shareholders' equity at book value	56,171	49,942	44,087	42,585	40,034
Unrealized appreciation on quoted investments	20,100	20,569	12,585	20,012	19,207
	<b>\$76,271</b>	<b>\$70,511</b>	<b>\$56,672</b>	<b>\$62,597</b>	<b>\$59,241</b>

## The Patiño Group

*The Patiño Mining Corporation  
Exploration & Mining Division*

### **Copper Rand Mines**

C. M. Marshall, *Mine Manager*  
J. F. Delaney, *General Superintendent*  
M. J. Tessier, *Mechanical Superintendent*  
R. Weitzdoerfer, *Chief Mine Engineer*  
D. H. Mather, *Administrative Manager*

### **Canada**

H. E. Rudd, *Manager, Mining*  
D. W. Asbury, *Chief Exploration Geologist*

### **Spain**

W. P. de Graaff, *Chief Exploration Geologist*

### **New Caledonia**

J. H. Shepherd, *Resident Geologist*  
W. C. Nancarrow, *Resident Mining Engineer*

### **Mexico**

P. Eckman, *Exploration Manager*  
L. MacKenzie, *Resident Mining Engineer*

*Consolidated  
Tin Smelters Group*

### **Consolidated Tin Smelters Limited**

E. R. E. Carter, *Chairman*  
A. R. Andrew, *Deputy Chairman*  
J. A. McKee, *Managing Director*  
G. T. Bodkin, *General Manager*  
G. Seddon, *Secretary*  
H. G. Barker, *Financial Controller*  
R. J. Tolley, *Chief Technical Manager*  
P. A. Wright, *Group Controller of Metallurgy*  
K. D. Massey, *Assistant to Managing Director*  
R. T. S. Charlton, *Chief Accountant*

### **Williams Harvey & Co. Limited**

Dr. S. C. Pearce, *Managing Director*  
R. J. Tolley, *Deputy Managing Director*  
A. D. Brown, *Secretary and Financial Controller*

### **Eastern Smelting Company Limited**

F. J. Steggall, *O.B.E., Chairman*  
J. McKeown, *Managing Director*

### **Makeri Smelting Company Ltd.**

S. Davis, *Chairman & Managing Director*  
P. D. Sampson, *Secretary*



*Consolidated  
Tin Smelters Group  
(continued)*

**Consolidated Tin Smelters (Australia)  
Pty. Limited**

C. N. M. Walker, *Chairman*  
F. E. Wraight, *Managing Director*

**British Tin Investment Corporation, Limited**

E. R. E. Carter, *Chairman*  
J. A. McKee, *Managing Director*  
P. J. Norton, *Secretary*

*CDRH Group*

**CDRH**

E. R. E. Carter, *Chairman*  
F. G. Tucker, *President & Chief Executive Officer*  
R. J. Schneider, *Vice-President (Construction)*  
T. Amadori, *Vice-President (Restaurant & Hotel)*  
L. A. Fortier, *Vice-President (Industrial Catering)*  
D. S. Muir, *Vice-President (Finance)*  
I. D. Leopold, *President, Ruby Foo's Limited*  
D. A. Cox, *Treasurer*  
D. F. Wright, *Assistant to the President*  
J. W. Lay, *Secretary*

**SMAA**

E. R. E. Carter, *Chairman*  
F. G. Tucker, *President & Chief Executive Officer*  
J. F. Loome, *Vice-President*  
D. S. Muir, *Vice-President (Finance)*  
D. A. Cox, *Treasurer*  
D. F. Wright, *Executive Assistant to the President*  
J. W. Lay, *Secretary*  
A. Karwacki, *Controller*





*The English text of this annual report  
can be obtained by writing  
to the Company, at 7 King Street East,  
Toronto 1, Ontario, Canada.*

*On pourra se procurer le texte français  
de ce rapport annuel en s'adressant  
à la Société, 7 King Street East,  
Toronto 1, Ontario, Canada.*





Feb

The Eastern States Exposition  
Annual Meeting of March 1908  
March 1 - April 1, 1908

Addressing

C. H. Carter

President and A. H. Carter, Secretary





*The Patiño Mining Corporation  
Annual Meeting of Shareholders*

*Montreal—April 22, 1968*

*address by*

*E. R. E. Carter*

*President and Chief Executive Officer*

*Your board of directors*

*welcomes you to this Annual Meeting.*

*We appreciate your continued interest and support.*

*This morning my remarks fall under four headings.*

*1967 in review*

*The first quarter of 1968*

*The outlook for 1968*

*The prospects for your Corporation*

*1967 in review*

*The 1967 Annual Report, dated March 29, 1968 and mailed to you on April 4th, shows clearly that your Corporation had a successful year and the Patiño Group extended further its interests against an exacting background—economic and political, both national and international—familiar to you all. I do not propose to comment on 1967 in detail but I bring to your particular attention:*

*1) the financial highlights—outlined on page 1—record earnings of \$2,523,000 (\$2,399,000)—60¢ (57¢) per share—a gain of \$2,110,000 (nil) on disposal of investments, cash flow of \$7,088,000 (\$4,855,000)—\$1.67 (\$1.15) per share—a dividend increase from 25¢ to 30¢ per share, improved working capital of \$2,706,000 (\$1,361,000), no non-current liabilities (\$3,900,000), shareholders equity of \$49,942,000 (\$44,087,000) and unrealized appreciation on quoted investments of \$20,569,000 (\$12,585,000).*

*2) expenditures on mining projects (excluding the Copper Rand Mines Division) more than doubled—\$3,614,000 against \$1,601,000.*

*3) at the Copper Rand Mines Division, ore reserves were maintained and substantial funds spent on development, shaft sinking and mill improvements which should be beneficial. We can*

look forward to a minimum of ten to fifteen years of operations.

4) mineral exploration was active and widespread—Canada, Ireland, Spain, Mexico and New Caledonia—and indicated interesting properties which warrant full investigation. Since the end of last year, your Corporation has acquired the Bassett property in Cornwall, England comprising 12 leases over 2,000 acres and containing 8,000 feet of strike on the Great Flat Lode. Prior surface diamond drilling indicated some 120,000 tons of 1% tin, and favourable possibilities warrant additional work.

5) in Spain, Rio Tinto Patiño, S.A. made good progress on the development of ore reserves and on its plans to bring to production in the first half of 1970 its integrated copper and gossan mine, mills, custom smelter, refinery and sulphuric acid plant at an approximate cost of US \$70,000,000—assisted by various forms of benefits—having concentrating plants with daily capacities of 10,000 tons for the copper ore and 5,000 tons for the gossan and an annual output of 55,000 tons of copper and 220,000 tons of sulphuric acid.

6) while Brunswick Mining and Smelting Corporation Limited had difficulties and the earnings of Advocate Mines Limited were lower, each company has substantial ore reserves which should ensure their eventual success. (It is of interest that all monies invested in the common shares of those companies by your Corporation have been recouped). On the other hand, Consolidated Tin Smelters Limited, the Southern Maryland Agricultural Association and CDRH Limited had successful years.

7) in New Caledonia, the results of your Corporation's efforts were heartening and satisfactory—additional lands were optioned, (which now cover well over 100 square miles) exploration and devel-



opment work increased and we were able to state that first on a limited and well located acreage—at Poum in the north end of the island—it is believed that sufficient tonnages of ore will be developed to warrant the establishment of a treatment plant with a minimum annual capacity of 40 million pounds of nickel and cobalt, second, the work to date on other properties has been limited but is now being accelerated and there are good possibilities of developing substantial additional ore and third the necessary authorization from the government of France is being sought.

#### *The first quarter of 1968*

The interim report for the first quarter of 1968 will be forwarded to you shortly. Net earnings were \$506,000 (12¢ per share, based on the 4,236,800 now outstanding) and compare favourably with net earnings for the corresponding quarter last year of \$363,000 (9¢ per share). Copper production was down slightly but higher metal settlement prices increased revenue from the Copper Rand Mines Division by 5%. The lower production stemmed from the disappointing ore grade in February and adjustments required to the additional mill equipment installed in the latter part of 1967. We remain confident that production this year will exceed that of last year.

#### *The outlook for 1968*

Even in the context of today's uncertainties, I am prepared to say that, barring the unforeseen, 1968 will be another satisfactory and rewarding year for your Corporation. There will be further consolidation and refining of existing interests, major efforts on the development of new projects, further assessment of the mining production possibilities of the properties in which your Corporation is interested at Avoca in Ireland, at Gaspé, Quebec, at Deas Lake

*in British Columbia, in Cornwall, and in Mexico and mineral exploration will be pursued aggressively. In particular, I see:*

*1) financial results for your Corporation at least comparable to those of 1967;*

*2) increased metal production from the Copper Rand Mines Division and enlarged ore reserves;*

*3) The Southern Maryland Group and the CDRH Group, achieving record earnings;*

*4) The Consolidated Tin Smelters Group, being rationalized further, its assets increased and its \$8,000,000 new tin smelter and secondary metals plant at Liverpool in the United Kingdom being substantially completed and when on stream in 1969 constituting an improved and important profit base for that Group;*

*5) steady progress towards production in Spain;*

*6) better performance at Advocate Mines Limited and Brunswick Mining and Smelting Corporation Limited;*

*7) continued improvement of your Corporation's position in New Caledonia.*

*The prospects for your Corporation*

*The 1967 Annual Report stated:*

*"Ten years have passed since the Patiño Group became active in Canada and five years since your Corporation assumed its present identity. In retrospect those periods are distinct in form and progress."*

*I am sure you will agree that the Five Year Financial Summary which appears on page 17 of the Annual Report, coupled with the difficulties of the previous five years and with what I have just said, show that your Corporation has broken through the inevitable and initial frustrations, has established a solid basis and is on the threshold of major achievements.*



*The Report also stated:*

*"Although in these uncertain times to forecast is perilous, we are confident that the next five years will be stimulating, productive and profitable. We base this optimism on the assets in hand, the projects underway, the prospects in view and the management and financial resources of the Group which your Corporation heads".*

*That optimistic view I affirm and I am prepared to state that during the period indicated the progress achieved will far surpass what has been accomplished in the ten years to date—our assets are strong, our projects are sound, our prospects in view are exciting—for I have confidence in the short and long term viability and profitability of Rio Tinto Patiño, S.A., and I am convinced that with patience, resolution and persistence we will reach a satisfactory and rewarding arrangement in New Caledonia—our financial resources are ample, our intention is to continue to expand where warranted and our management capabilities have been proved.*

*I conclude with these comments.*

*A realistic appraisal of prospects, short or long term, must proceed of necessity from an assessment of certain fundamentals in governmental policy. I am confident that left to ourselves we can progress with hard work, skill and imagination for your benefit and that of Canada and other countries in which we have interests. But there cannot be growth and progress and the social and economic benefits which naturally follow for the good of all when governmental policy shifts with changes in the political winds so that plans made today become impossible to pursue tomorrow, when imagination is frustrated, when efforts cannot be rewarded, when achievements are not*

recognized. Free enterprise with equal opportunity for all will cure far more problems and do far more good than a vacillating system which must inevitably spell economic bankruptcy in seeking the impossible utopia of equality for all.

It is my opinion that for the economy to work we must have the free market place of supply and demand with government interference and spending curbed and taxation altered to provide the vital incentives to those who wish to take business risks and to work to better themselves, their families and Canada. This would ensure the discipline and the responsibility that are now missing. Government should strive to become more efficient and to establish priorities and thereby achieve a realistic tax burden for Canada.

By and large Canadians do not want the welfare state—they want the irresponsible to contribute to the growth of our economy, leaving the community, and quite rightly, to support only those people unable to help themselves.

Above all government must maintain confidence—and confidence will only follow consistent responsible disciplined and lasting policies.

"There are the times that test men's souls"—therefore, let us not in this country forsake our heritages but rather see that they are firmly blended, let us not lose or even diminish our bright future by over indulgence, by restriction of the individual, by remembrance of things past, and by seeking to go too far too fast. But rather, let us have common sense, concentration, unremitting hard work, decisiveness and clarity of thought. And, to paraphrase Andre Malraux, let every Canadian say: "I married Canada. Before I die, I want to see the rebirth of my country."







uite. Faisons plutôt preuve de bon sens, de concentration, d'assiduité dans le travail, de détermination et d'intelligence dans la pensée. Et, pour paraphraser André Malraux, que chaque Canadien se dise: "J'ai épousé le Canada. Avant de mourir, je veux voir la renaissance de mon pays".

réalisations ne sont pas reconnues. La libre entreprise présentant des chances égales à tous permettra de surmonter bien plus de problèmes et fera beaucoup plus de bien qu'un régime hésitant qui entravera inévitablement le marasme économique en cherchant le monde utopique et impossible de l'égalité pour tous.

À mon avis, pour le bon fonctionnement de l'économie, nous devons jouer d'un libre marché de l'offre et de la demande, l'ingérence et les dépenses du gouvernement devraient être réduites et le régime fiscal modifié afin d'assurer un encouragement vital à ceux qui désirent assumer les risques d'une entreprise commerciale et travailler à améliorer leur situation, celle de leur famille et du Canada. Ces mesures assureraient la discipline et le sens des responsabilités qui actuellement sont absents. Le gouvernement devrait rechercher une plus grande efficacité et établir des priorités afin que le fardeau fiscal tienne compte des réalités et soit mieux réparti au Canada.

Dans l'ensemble, les Canadiens ne veulent pas du paternalisme d'état-ils veulent que tous contribuent à l'expansion de notre économie, laissant la collectivité, et avec raison, le soin de venir en aide aux seules personnes qui ne peuvent pas s'aider.

Par dessus tout, le gouvernement doit entretenir un climat de confiance et il y arrivera seulement en établissant des politiques durables, réfléchies, logiques et rigoureuses.

"Voici venus les temps qui mettent l'âme des hommes à l'épreuve" — par conséquent, n'abandonons pas notre héritage, mais cherchons plutôt à en amalgamer fermement tous les éléments, ne perdons ni n'amoindrissions pas notre avenir brillant par une indulgence excessive, par la restriction de la liberté individuelle, par le souvenir du passé, et en cherchant d'aller trop loin, trop



de notre optimisme sont l'actif actuel, les projets en voie d'exécution, les perspectives d'avenir, la direction et les ressources financières du Groupe que votre Société dirige".

Je souscris à ces vues optimistes et j'ajouterais qu'au cours de la période en question, les progrès surpasseront de loin tous ceux qui ont été accomplis au cours des dix dernières années — l'actif est solide, les projets sont sûrs, les perspectives d'avenir sont des plus brillantes — car j'ai confiance en la viabilité et en la rentabilité, à brève et à longue échéance, de Rio Tinto Patino, S.A., et je suis convaincu qu'avec patience, détermination et persévérance nous arriverons à des arrangements satisfaisants et rémunérateurs en Nouvelle-Calédonie — nos ressources financières sont considérables; nous avons l'intention de poursuivre notre expansion judicieusement. La preuve de notre compétence dans le domaine de la gestion n'est plus à faire.

Je termine avec ces quelques commentaires. Une évaluation réaliste des perspectives, à brève ou longue échéance, procède obligatoirement d'une évaluation de certains éléments de la politique gouvernementale. Je suis certain que s'il n'était que de nous, nous accomplirions de grands progrès par notre propre travail assidu et nos compétences, à votre avantage et à celui du Canada et d'autres pays où nous possédons des intérêts. Mais l'expansion et les progrès économiques, ainsi que les avantages sociaux et économiques qui en découlent pour le bien de tous, ne peuvent se faire lorsque la politique du gouvernement change selon les courants politiques de l'heure de sorte qu'il devienne impossible d'écarter demain des plans établis aujourd'hui, lorsque l'esprit créateur s'exerce en vain, que les efforts ne peuvent être récompensés et que les

4) que l'actif du Groupe Consolidated Tin Smelters s'accroîtra et que sa nouvelle fonderie d'étain et sa nouvelle usine métallurgique secondaire, construites au coût de \$8,000,000 à Liverpool au Royaume-Uni, seront presque achevées et, lorsqu'elles seront mises en service en 1969, constitueront des exploitations très rentables pour ce Groupe;

5) que les travaux progresseront d'une façon soutenue en vue de la mise en production en Espagne;

6) que le rendement d'Advocate Mines Limited et de Brunswick Mining and Smelting Corporation Limited sera meilleur;

7) que la position de votre Société en Nouvelle-Calédonie continuera de s'améliorer.

#### Les perspectives de votre Société

Je cite le rapport annuel de 1967:

"Dix ans se sont écoulés depuis que le Groupe Patino étendait son activité au Canada, et cinq ans depuis que votre Société a assumé son identité actuelle. A l'examen rétrospectif, ces périodes se révèlent distinctes autant par les événements qui les ont marquées que par les progrès réalisés".

Je suis convaincu que vous accorderez à trouver que le Résumé financier des cinq derniers exercices, en page 17 du rapport annuel, ainsi que les difficultés rencontrées au cours des cinq années précédentes et les remarques que je viens de faire démontrent amplement que votre Société a surmonté les problèmes inévitables des débuts, qu'elle s'est ménagée une base solide et qu'elle est sur le point de connaître de grandes réalisations. Et je cite de nouveau le rapport:

"Bien qu'il soit difficile de faire des prévisions en ces temps d'incertitude, nous sommes convaincus que les cinq prochaines années seront encourageantes, productives et profitables. Les raisons

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#### Les perspectives pour 1968

Même si la conjoncture actuelle présente bien des éléments d'incertitude, je me permets d'avancer que, les impondérables mis à part, 1968 sera une autre année satisfaisante et fructueuse pour votre Société. La consolidation et l'amélioration des intérêts existants se poursuivront, et de grands efforts seront déployés pour la réalisation de nouveaux projets. La Société entend poursuivre ses travaux d'évaluation des possibilités minières des propriétés dans lesquelles elle possède un intérêt, à Avoca en Irlande, dans la Gaspésie au Québec, à Deas Lake en Colombie Britannique, dans le comté de Cornwall en Angleterre ainsi qu'au Mexique. Les travaux d'exploration minière seront poursuivis avec vigueur.

Je prévois, en particulier:

1) que les résultats financiers de votre Société seront au moins comparables à ceux de 1967;

2) que la production de métaux de Copper Rand Mines augmentera et qu'il en sera de même pour les réserves de minerai;

3) que les Groupes Southern Maryland et CDRH enregistreront des bénéfices record.



4) que l'actif du Groupe Consolidated Tin Smelting et sa nouvelle fonderie d'étain s'accroîtra et que sa nouvelle fonderie d'étain et sa nouvelle usine métallurgique secondaire, construites au coût de \$8,000,000 à Liverpool au Royaume-Uni, seront presque achevées et, lorsqu'elles seront mises en service en 1969, constitueront des exploitations très rentables pour ce Groupe;

5) que les travaux progresseront d'une façon soutenue en vue de la mise en production en Espagne;

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tonnes de cuivre et de 220,000 tonnes d'acide sulfurique.

6) bien que Brunswick Mining and Smelting Corporation ait rencontré des difficultés et que les bénéfices d'Advocate Mines aient diminué, l'une et l'autre possèdent des réserves de minéral considérables qui devraient éventuellement assurer leur réussite. (Il faut noter que les sommes que votre Société a placées dans les actions ordinaires de ces sociétés ont été récupérées). D'un autre côté, Consolidated Tin Smelters Limited, Southern Maryland Agricultural Association et CDRH Limited ont connu une année excellente.

7) en Nouvelle-Calédonie, les efforts de votre Société ont été couronnés de résultats satisfaisants et encourageants — d'autres terrains ont été pris sous option (le total couvre désormais une superficie de plus de 100 mille carrés), les travaux d'exploration, d'accès et de tracage ont été intensifiés et nous sommes en mesure d'annoncer que, prochainement, sur un terrain limité mais bien situé — à Poum dans le nord de l'île — l'on croit que des réserves de minéral seront développées en quantité suffisante pour justifier l'établissement d'une usine de traitement dont la capacité annuelle minimum sera de 40 millions de livres de nickel et de cobalt, deuxièmement, les travaux effectués à ce jour dans d'autres propriétés ont été limités mais qu'ils sont désormais intensifiés et qu'il y a de bonnes possibilités de développer une quantité additionnelle considérable de minéral et, troisièmement, que l'on fait actuellement des démarches pour obtenir l'autorisation nécessaire du gouvernement français.

#### Le premier trimestre de 1968

Le rapport intermédiaire sur le premier trimestre de 1968 vous parviendra bientôt. Les bénéfices nets se sont établis à \$506,000 (12¢ l'action, calcul



2) les dépenses pour la réalisation de projets miniers (à l'exclusion de Copper Rand Mines) ont plus que doublé — \$3,614,000 en regard de \$1,601,000.

3) à Copper Rand Mines, les réserves de minerai ont été maintenues et des sommes considérables ont été consacrées aux travaux d'accès et de traçage, au fonçage de puits et aux améliorations de l'usine qui devraient s'avérer profitables. Nous pouvons espérer un minimum de 10 à 15 années d'exploitation.

4) une grande activité a été déployée dans l'exploration minière au Canada, en Irlande, en Espagne, au Mexique et en Nouvelle-Calédonie. D'intéressants résultats ont été obtenus et ils justifient des recherches plus poussées. Depuis la fin de l'année, votre Société s'est portée acquéreur de la propriété Bassett dans le comté de Cornouailles, en Angleterre. Cette propriété comprend 12 concessions sur une superficie de plus de 2,000 acres et contient 8,000 pieds de la couche du filon Great Flat. Les forages préliminaires au diamant effectués en surface ont révélé quelque 120,000 tonnes de minerai d'une teneur de 1% en étain; les possibilités sont bonnes et justifient l'exécution de travaux complémentaires.

5) en Espagne, les travaux de Río Tinto Patiño, S.A. vont bon train en vue de l'exploitation des réserves de minerai et de la mise en production, au cours du premier semestre de 1970, de sa mine de cuivre et de chapeau de fer, de l'usine, d'une fonderie où l'on traitera également le minerai d'autres producteurs, d'une raffinerie et d'une usine d'acide sulfurique, au coût approximatif de \$70,000,000 E.U.; la société bénéficie d'avantages divers. Les installations de concentration auront une capacité quotidienne de 10,000 tonnes pour le minerai de cuivre et de 5,000 tonnes pour le chapeau de fer. La production annuelle sera de 55,000

The Patino Mining Corporation  
Assemblée annuelle des actionnaires  
Montréal — le 22 avril 1968  
allocution prononcée par  
E. R. E. Carter  
Président et administrateur délégué

Le Conseil d'administration  
vous souhaite la plus cordiale bienvenue  
à l'assemblée annuelle.  
Nous vous sommes reconnaissants de votre appui  
et de votre intérêt.

Les sujets que je traiterai sont groupés  
sous quatre rubriques:

Revue de 1967  
Le premier trimestre de 1968  
Les perspectives pour 1968  
Les perspectives de votre Société  
Revue de 1967

Vous avez pu constater d'après le rapport annuel  
de 1967, qui est daté du 29 mars 1968 et que nous  
vous avons fait parvenir le 4 avril, que votre So-  
ciété a connu une bonne année et que le Groupe  
Patino a augmenté ses intérêts et dépit des con-  
ditions difficiles que vous connaissez, lesquelles  
ont prévalu tant sur le plan économique que sur le  
plan politique, sur la scène nationale et interna-  
tionale. Je n'ai pas l'intention de m'étendre sur  
l'exploitation de 1967, mais je tiens à en souligner  
les points principaux:

1) les points financiers saillants — qui paraissent  
à la page 1 — des bénéfices record de \$2,523,000  
(\$2,399,000) — un rendement de 60¢ (57¢) l'action  
— un gain de \$2,110,000 (aucun) sur la vente de  
placements, des résultats, en termes de trésorerie,  
de \$7,088,000 (\$4,855,000) — \$1.67 (\$1.15) l'action  
— une augmentation du dividende de 25¢ à 30¢  
l'action, une augmentation du fonds de roulement  
qui a passé à \$2,706,000 (\$1,361,000), aucun passif  
à long terme (\$3,900,000), les actionnaires ont un  
avoir de \$49,942,000 (\$44,087,000) et une plus-  
value non-réalisée de \$20,569,000 (\$12,585,000)  
sur les placements cotés.





AR13

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*The Boreas Mining Corporation  
Annual Meeting at Shareholders  
Montreal - April 22, 1905*

*addressed by*

*C. B. de Carter*

*President and Chief Executive Officer*





*The Patiño Mining Corporation  
Annual Meeting of Shareholders*

*Montreal—April 22, 1968*

*address by*

*E. R. E. Carter*

*President and Chief Executive Officer*

*Your board of directors  
welcomes you to this Annual Meeting.  
We appreciate your continued interest and support.*

*This morning my remarks fall under four headings.*

*1967 in review  
The first quarter of 1968  
The outlook for 1968  
The prospects for your Corporation*

*1967 in review*

*The 1967 Annual Report, dated March 29, 1968 and mailed to you on April 4th, shows clearly that your Corporation had a successful year and the Patiño Group extended further its interests against an exacting background—economic and political, both national and international—familiar to you all. I do not propose to comment on 1967 in detail but I bring to your particular attention:*

*1) the financial highlights—outlined on page 1—record earnings of \$2,523,000 (\$2,399,000)—60¢ (57¢) per share—a gain of \$2,110,000 (nil) on disposal of investments, cash flow of \$7,088,000 (\$4,855,000)—\$1.67 (\$1.15) per share—a dividend increase from 25¢ to 30¢ per share, improved working capital of \$2,706,000 (\$1,361,000), no non-current liabilities (\$3,900,000), shareholders equity of \$49,942,000 (\$44,087,000) and unrealized appreciation on quoted investments of \$20,569,000 (\$12,585,000).*

*2) expenditures on mining projects (excluding the Copper Rand Mines Division) more than doubled—\$3,614,000 against \$1,601,000.*

*3) at the Copper Rand Mines Division, ore reserves were maintained and substantial funds spent on development, shaft sinking and mill improvements which should be beneficial. We can*

look forward to a minimum of ten to fifteen years of operations.

4) mineral exploration was active and widespread—Canada, Ireland, Spain, Mexico and New Caledonia—and indicated interesting properties which warrant full investigation. Since the end of last year, your Corporation has acquired the Bassett property in Cornwall, England comprising 12 leases over 2,000 acres and containing 8,000 feet of strike on the Great Flat Lode. Prior surface diamond drilling indicated some 120,000 tons of 1% tin, and favourable possibilities warrant additional work.

5) in Spain, Rio Tinto Patiño, S.A. made good progress on the development of ore reserves and on its plans to bring to production in the first half of 1970 its integrated copper and gossan mine, mills, custom smelter, refinery and sulphuric acid plant at an approximate cost of US \$70,000,000—assisted by various forms of benefits—having concentrating plants with daily capacities of 10,000 tons for the copper ore and 5,000 tons for the gossan and an annual output of 55,000 tons of copper and 220,000 tons of sulphuric acid.

6) while Brunswick Mining and Smelting Corporation Limited had difficulties and the earnings of Advocate Mines Limited were lower, each company has substantial ore reserves which should ensure their eventual success. (It is of interest that all monies invested in the common shares of those companies by your Corporation have been recouped). On the other hand, Consolidated Tin Smelters Limited, the Southern Maryland Agricultural Association and CDRH Limited had successful years.

7) in New Caledonia, the results of your Corporation's efforts were heartening and satisfactory—additional lands were optioned, (which now cover well over 100 square miles) exploration and devel-

opment work increased and we were able to state that first on a limited and well located acreage — at Poum in the north end of the island—it is believed that sufficient tonnages of ore will be developed to warrant the establishment of a treatment plant with a minimum annual capacity of 40 million pounds of nickel and cobalt, second, the work to date on other properties has been limited but is now being accelerated and there are good possibilities of developing substantial additional ore and third the necessary authorization from the government of France is being sought.

#### *The first quarter of 1968*

The interim report for the first quarter of 1968 will be forwarded to you shortly. Net earnings were \$506,000 (12¢ per share, based on the 4,236,800 now outstanding) and compare favourably with net earnings for the corresponding quarter last year of \$363,000 (9¢ per share). Copper production was down slightly but higher metal settlement prices increased revenue from the Copper Rand Mines Division by 5%. The lower production stemmed from the disappointing ore grade in February and adjustments required to the additional mill equipment installed in the latter part of 1967. We remain confident that production this year will exceed that of last year.

#### *The outlook for 1968*

Even in the context of today's uncertainties, I am prepared to say that, barring the unforeseen, 1968 will be another satisfactory and rewarding year for your Corporation. There will be further consolidation and refining of existing interests, major efforts on the development of new projects, further assessment of the mining production possibilities of the properties in which your Corporation is interested at Avoca in Ireland, at Gaspé, Quebec, at Deas Lake



*in British Columbia, in Cornwall, and in Mexico and mineral exploration will be pursued aggressively. In particular, I see:*

*1) financial results for your Corporation at least comparable to those of 1967;*

*2) increased metal production from the Copper Rand Mines Division and enlarged ore reserves;*

*3) The Southern Maryland Group and the CDRH Group, achieving record earnings;*

*4) The Consolidated Tin Smelters Group, being rationalized further, its assets increased and its \$8,000,000 new tin smelter and secondary metals plant at Liverpool in the United Kingdom being substantially completed and when on stream in 1969 constituting an improved and important profit base for that Group;*

*5) steady progress towards production in Spain;*

*6) better performance at Advocate Mines Limited and Brunswick Mining and Smelting Corporation Limited;*

*7) continued improvement of your Corporation's position in New Caledonia.*

*The prospects for your Corporation*

*The 1967 Annual Report stated:*

*"Ten years have passed since the Patiño Group became active in Canada and five years since your Corporation assumed its present identity. In retrospect those periods are distinct in form and progress."*

*I am sure you will agree that the Five Year Financial Summary which appears on page 17 of the Annual Report, coupled with the difficulties of the previous five years and with what I have just said, show that your Corporation has broken through the inevitable and initial frustrations, has established a solid basis and is on the threshold of major achievements.*

*The Report also stated:*

*"Although in these uncertain times to forecast is perilous, we are confident that the next five years will be stimulating, productive and profitable. We base this optimism on the assets in hand, the projects underway, the prospects in view and the management and financial resources of the Group which your Corporation heads".*

*That optimistic view I affirm and I am prepared to state that during the period indicated the progress achieved will far surpass what has been accomplished in the ten years to date—our assets are strong, our projects are sound, our prospects in view are exciting—for I have confidence in the short and long term viability and profitability of Rio Tinto Patiño, S.A., and I am convinced that with patience, resolution and persistence we will reach a satisfactory and rewarding arrangement in New Caledonia—our financial resources are ample, our intention is to continue to expand where warranted and our management capabilities have been proved.*

*I conclude with these comments.*

*A realistic appraisal of prospects, short or long term, must proceed of necessity from an assessment of certain fundamentals in governmental policy. I am confident that left to ourselves we can progress with hard work, skill and imagination for your benefit and that of Canada and other countries in which we have interests. But there cannot be growth and progress and the social and economic benefits which naturally follow for the good of all when governmental policy shifts with changes in the political winds so that plans made today become impossible to pursue tomorrow, when imagination is frustrated, when efforts cannot be rewarded, when achievements are not*

recognized. Free enterprise with equal opportunity for all will cure far more problems and do far more good than a vacillating system which must inevitably spell economic bankruptcy in seeking the impossible utopia of equality for all.

It is my opinion that for the economy to work we must have the free market place of supply and demand with government interference and spending curbed and taxation altered to provide the vital incentives to those who wish to take business risks and to work to better themselves, their families and Canada. This would ensure the discipline and the responsibility that are now missing. Government should strive to become more efficient and to establish priorities and thereby achieve a realistic tax burden for Canada.

By and large Canadians do not want the welfare state—they want the irresponsible to contribute to the growth of our economy, leaving the community, and quite rightly, to support only those people unable to help themselves.

Above all government must maintain confidence—and confidence will only follow consistent responsible disciplined and lasting policies.

"There are the times that test men's souls"—therefore, let us not in this country forsake our heritages but rather see that they are firmly blended, let us not lose or even diminish our bright future by over indulgence, by restriction of the individual, by remembrance of things past, and by seeking to go too far too fast. But rather, let us have common sense, concentration, unremitting hard work, decisiveness and clarity of thought. And, to paraphrase Andre Malraux, let every Canadian say: "I married Canada. Before I die, I want to see the rebirth of my country."







vite. Faisons plutôt preuve de bon sens, de concentration, d'assiduité dans le travail, de détermination et d'intelligence dans la pensée. Et, pour paraphraser André Malraux, que chaque Canadien se dise: "J'ai épousé le Canada. Avant de mourir, je veux voir la renaissance de mon pays".

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réalisations ne sont pas reconnues. La libre entreprise présentant des chances égales à tous permettra de surmonter bien plus de problèmes et fera beaucoup plus de bien qu'un régime hésitant qui entrainera inévitablement le marasme économique en cherchant le monde utopique et impossible de l'égalité pour tous.

À mon avis, pour le bon fonctionnement de l'économie, nous devons fournir un libre marché de l'offre et de la demande; l'ingérence et les dépenses du gouvernement devraient être réduites et le régime fiscal modifié afin d'assurer un encouragement vital à ceux qui désirent assumer les risques d'une entreprise commerciale et travailler à améliorer leur situation, celle de leur famille et du Canada. Ces mesures assureraient la discipline et le sens des responsabilités qui actuellement sont absents. Le gouvernement devrait rechercher une plus grande efficacité et établir des priorités afin que le fardeau fiscal tienne compte des réalités et soit mieux réparti au Canada.

Dans l'ensemble, les Canadiens ne veulent pas du paternalisme d'état-ils veulent que tous contribuent à l'expansion de notre économie, laissant la collectivité, et avec raison, le soin de venir en aide aux seules personnes qui ne peuvent pas

s'aider.

Par dessus tout, le gouvernement doit entretenir un climat de confiance et il y arrivera seulement en établissant des politiques durables, réfléchies, logiques et rigoureuses.

"Voici venus les temps qui mettent l'âme des hommes à l'épreuve" — par conséquent, n'abandonons pas notre héritage, mais cherchons plutôt à en amalgamer fermement tous les éléments, ne perdons ni n'amoindrissions pas notre avenir brillant par une indulgence excessive, par la restriction de la liberté individuelle, par le souvenir du passé, et en cherchant d'aller trop loin, trop

de notre optimisme sont l'actif actuel, les projets en voie d'exécution, les perspectives d'avenir, la direction et les ressources financières du Groupe que votre Société dirige".

Je souscris à ces vues optimistes et j'ajouterais qu'au cours de la période en question, les progrès surpasseront de loin tous ceux qui ont été accomplis au cours des dix dernières années — l'actif est solide, les projets sont sûrs, les perspectives d'avenir sont des plus brillantes — car j'ai confiance en la viabilité et en la rentabilité, à brève et à longue échéance, de Rio Tinto Patino, S.A., et je suis convaincu qu'avec patience, détermination et persévérance nous arriverons à des arrangements satisfaisants et rémunérateurs en Nouvelle-Calédonie — nos ressources financières sont considérables; nous avons l'intention de poursuivre notre expansion judicieusement. La preuve de notre compétence dans le domaine de la gestion n'est plus à faire.

Je termine avec ces quelques commentaires. Une évaluation réaliste des perspectives, à brève ou longue échéance, procède obligatoirement d'une évaluation de certains éléments de la politique gouvernementale. Je suis certain que s'il n'était que de nous, nous accomplirions de grands progrès par notre propre travail assidu et nos compétences, à votre avantage et à celui du Canada et d'autres pays où nous possédons des intérêts. Mais l'expansion et les progrès économiques, ainsi que les avantages sociaux et économiques qui en découlent pour le bien de tous, ne peuvent se faire lorsque la politique du gouvernement change selon les courants politiques de l'heure de sorte qu'il devienne impossible d'écarter demain des plans établis aujourd'hui, lorsque l'esprit créateur s'exerce en vain, que les efforts ne peuvent être récompensés et que les

4) que l'actif du Groupe Consolidated Tin Smelting et sa nouvelle usine métallurgique secondaire, construite au coût de \$8,000,000 à Liverpool au Royaume-Uni, seront presque achevées et, lorsqu'elles seront mises en service en 1969, constitueront des exploitations très rentables pour ce Groupe;

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- 3) que les Groupes Southern Maryland et CDRH enregistreront des bénéfices record.

tonnes de cuivre et de 220,000 tonnes d'acide sulfurique.

6) bien que Brunswick Mining and Smelting Corporation ait rencontré des difficultés et que les bénéfices d'Advocate Mines aient diminué, l'une et l'autre possèdent des réserves de minerai considérables qui devraient éventuellement assurer leur réussite. (Il faut noter que les sommes que votre Société a placées dans les actions ordinaires de ces sociétés ont été récupérées). D'un autre côté, Consolidated Tin Smelters Limited, South-ern Maryland Agricultural Association et CDRH Limited ont connu une année excellente.

7) en Nouvelle-Calédonie, les efforts de votre Société ont été couronnés de résultats satisfaisants et encourageants — d'autres terrains ont été pris sous option (le total couvre désormais une superficie de plus de 100 milles carrés), les travaux d'exploration, d'accès et de tracage ont été intensifiés et nous sommes en mesure d'annoncer que, prochainement, sur un terrain limité mais bien situé — à Poun dans le nord de l'île — l'on croit que des réserves de minerai seront développées en quantité suffisante pour justifier l'établissement d'une usine de traitement dont la capacité annuelle minimum sera de 40 millions de livres de nickel et de cobalt, deuxièmement, les travaux effectués à ce jour dans d'autres propriétés ont été limités mais qu'ils sont désormais intensifiés et qu'il y a de bonnes possibilités de développer une quantité additionnelle considérable de minerai et, troisièmement, que l'on fait actuellement des démarches pour obtenir l'autorisation nécessaire du gouvernement français.

#### Le premier trimestre de 1968

Le rapport intermédiaire sur le premier trimestre de 1968 vous parviendra bientôt. Les bénéfices nets se sont établis à \$506,000 (12¢ l'action, calcul

2) les dépenses pour la réalisation de projets miniers (à l'exclusion de Copper Rand Mines) ont plus que doublé — \$3,614,000 en regard de \$1,601,000.

3) à Copper Rand Mines, les réserves de minerai ont été maintenues et des sommes considérables ont été consacrées aux travaux d'accès et de dragage, au forage de puits et aux améliorations de l'usine qui devraient s'avérer profitables. Nous pouvons espérer un minimum de 10 à 15 années d'exploitation.

4) une grande activité a été déployée dans l'exploration minière au Canada, en Irlande, en Espagne, au Mexique et en Nouvelle-Calédonie. D'intéressants résultats ont été obtenus et ils justifient des recherches plus poussées. Depuis la fin de l'année, votre Société s'est portée acquéreur de la propriété Bassett dans le comté de Cornouailles, en Angleterre. Cette propriété comprend 12 concessions sur une superficie de plus de 2,000 acres et contient 8,000 pieds de la couche du filon Great Flat. Les forages préliminaires au diamant effectués en surface ont révélé quelque 120,000 tonnes de minerai d'une teneur de 1% en étain; les possibilités sont bonnes et justifient l'exécution de travaux complémentaires.

5) en Espagne, les travaux de Rio Tinto Patino, S.A. vont bon train en vue de l'exploitation des réserves de minerai et de la mise en production, au cours du premier semestre de 1970, de sa mine de cuivre et de chapeau de fer, de l'usine, d'une fonderie où l'on traitera également le minerai d'autres producteurs, d'une raffinerie et d'une usine d'acide sulfurique, au coût approximatif de \$70,000,000 E.U.; la société bénéficie d'avantages divers. Les installations de concentration auront une capacité quotidienne de 10,000 tonnes pour le minerai de cuivre et de 5,000 tonnes pour le chapeau de fer. La production annuelle sera de 55,000



The Patiño Mining Corporation  
Assemblée annuelle des actionnaires  
Montréal — le 22 avril 1968  
allocution prononcée par  
E. R. E. Carter  
Président et administrateur délégué

Le Conseil d'administration  
vous souhaite la plus cordiale bienvenue  
à l'assemblée annuelle.  
Nous vous sommes reconnaissants de votre appui  
et de votre intérêt.

Les sujets que je traiterai sont groupés  
sous quatre rubriques:

Revue de 1967

Le premier trimestre de 1968

Les perspectives pour 1968

Les perspectives de votre Société

Vous avez pu constater d'après le rapport annuel  
de 1967, qui est daté du 29 mars 1968 et que nous  
vous avons fait parvenir le 4 avril, que votre So-  
cété a connu une bonne année et que le Groupe  
Patiño a augmenté ses intérêts et dépit des con-  
ditions difficiles que vous connaissez, lesquelles  
ont prévalu tant sur le plan économique que sur le  
plan politique, sur la scène nationale et interna-  
tionale. Je n'ai pas l'intention de m'étendre sur  
l'exploitation de 1967, mais je tiens à en souligner  
les points principaux:

1) les points financiers saillants — qui paraissent  
à la page I — des bénéfices record de \$2,523,000  
— un gain de \$2,110,000 (aucun) sur la vente de  
placements, des résultats, en termes de trésorerie,  
de \$7,088,000 (\$4,855,000) — \$1.67 (\$1.15) l'action  
— une augmentation du dividende de 25¢ à 30¢  
l'action, une augmentation du fonds de roulement  
qui a passé à \$2,706,000 (\$1,361,000), aucun passif  
à long terme (\$3,900,000), les actionnaires ont un  
avoir de \$49,942,000 (\$44,087,000) et une plus-  
value non-réalisée de \$20,569,000 (\$12,585,000)  
sur les placements cotés.



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The Enrico Mingus Corporation  
Assemblée annuelle des actionnaires  
Montréal - le 22 avril 1968  
Assemblée convoquée par  
le H. F. Carter  
Président et administrateur délégué



# The Patiño Mining Corporation

## Interim Report

### 6 Months, Ended June 30, 1968

The Patiño Mining Corporation  
(No Personal Liability)

AUG 13 1968



#### Consolidated Financial Summary First Six Months — Estimated

Statement of Earnings	1968	1967
<i>Revenue</i>		
Metal sales	\$6,790,000	\$5,815,000
Dividend income	151,000	26,000
Other income	249,000	227,000
	<u>7,190,000</u>	<u>6,068,000</u>
<i>Expense</i>		
Mine operating, milling and general	3,024,000	2,981,000
Smelting, refining and freight	1,289,000	1,147,000
Corporate and administrative	269,000	238,000
Interest	54,000	156,000
Mining and other taxes	149,000	50,000
	<u>4,785,000</u>	<u>4,572,000</u>
Net cash income	<u>2,405,000</u>	<u>1,496,000</u>
Amortization of deferred expenditures	650,000	609,000
Depreciation	368,000	335,000
Outside exploration written off	350,000	—
	<u>1,368,000</u>	<u>944,000</u>
Net earnings	<u>\$1,037,000</u>	<u>\$ 552,000</u>

#### Source and Application of Funds

<i>Source</i>		
Net cash income	\$2,405,000	\$1,496,000
Sale of investments	776,000	6,697,000
Issue of shares	700,000	1,545,000
Miscellaneous	25,000	—
	<u>3,906,000</u>	<u>9,738,000</u>
<i>Application</i>		
Deferred expenditures	717,000	357,000
Plant and equipment (net)	166,000	101,000
Acquisition of investments	2,222,000	1,550,000
Dividends	542,000	514,000
Mining projects (net)	1,468,000	2,713,000
Non-current bank loan	—	3,600,000
Other	44,000	53,000
	<u>5,159,000</u>	<u>8,888,000</u>
<i>Increase (Decrease) in working capital</i>		
Working capital, beginning of year	2,706,000	1,360,000
Working capital, June 30	1,453,000	2,210,000
	<u>(\$1,253,000)</u>	<u>\$ 850,000</u>

#### Financial

(comparative 1967 figures in brackets)

Net earnings were \$1,037,000 after a provision of \$350,000 for the write-off of outside exploration expenditures. Earnings for the first six months last year were \$552,000 without any provision for exploration write-offs. The anticipated exploration write-off in 1968 will be \$400,000 (\$530,000).

Net earnings per share were 24¢ (13¢) and net cash income from operations after deducting capital additions and deferred expenditures was \$1,522,000 (\$1,038,000) — 35¢ (24¢) per share.

The market value of investments at June 30, 1968 (excluding Copper Rand, Rio Tinto Patiño, S.A. and New Caledonia) was \$43,720,000 (book cost \$24,493,000).

A dividend of 12½¢ per share was paid on June 24.

Production at Copper Rand for the six months was up 9% and with higher copper settlement prices resulted in a 17% increase in revenue from metal sales.

Comparative production figures for the year to date are:

Six Months ended June 30.....	1968	1967
Ore milled (tons)	349,700	344,300
Copper (pounds)	12,479,000	11,515,000
Gold (ounces)	8,800	8,500
Silver (ounces)	47,400	46,000

Rio Tinto Patiño, S.A. is making satisfactory progress in developing and bringing to production in 1970 its copper-gold-silver mine and constructing its copper smelter and refinery and sulphuric acid plant.

In mid June your Company filed its formal application with the Government of France for the necessary authorizations to bring to production the nickel cobalt reserves under option to it in New Caledonia and to establish a metallurgical plant there to produce a minimum of 50 million pounds of nickel annually.

On July 12, 1968 your Company issued the following press release: "Mr. E. R. E. Carter, President of The Patiño Mining Corporation (P.M.C.) states that a wholly owned foreign subsidiary (Realty Holdings) entered into an agreement on July 12, 1968 to acquire outright several companies which own all the shares of a French company having title to approximately 4,400 acres of land with 2.1 miles of frontage on the Mediterranean Sea and located on the westerly outskirts of Marseilles, France. This results from a right which P.M.C. has had since mid 1964. Pending further study, P.M.C. is free until November 30, 1968 to withdraw at no cost. The consideration comprises cash payment of US \$4.5 million in 1968 and US \$5 million in 1973. Realty Holdings (the P.M.C. subsidiary) would have available to it US \$7 million at 5% interest, repayable in 1973. Additional funds required would be obtainable from bank loans.

Plans call for a leisure and touristic development over several years comprising the construction of residential housing, hotel accommodation, shopping centres, camping areas, marinas and other facilities."

On behalf of the Board of Directors,

*E.R.E. Carter*

President and Chief Executive Officer.  
July 29, 1968.

AUG 13 1968



# The Patiño Mining Corporation

## Rapport intérimaire

### 6 mois, se terminant le 30 juin, 1968



## The Patiño Mining Corporation

(sans responsabilité personnelle)

### Relevé financier consolidé pour le premier semestre — relevé estimatif

Etat des bénéfices	1968	1967
<i>Revenu</i>		
Ventes de métaux	\$6,790,000	\$5,815,000
Revenu en dividendes	151,000	26,000
Revenus divers	249,000	227,000
	<u>7,190,000</u>	<u>6,068,000</u>
<i>Dépenses</i>		
Frais d'exploitation, de traitement du minerai et frais généraux	3,024,000	2,981,000
Fonderie, affinage et transport	1,289,000	1,147,000
Frais d'administration	269,000	238,000
Intérêt	54,000	156,000
Droits miniers et autres impôts	149,000	50,000
	<u>4,785,000</u>	<u>4,572,000</u>
Recettes nettes	<u>2,405,000</u>	<u>1,496,000</u>
Amortissement des dépenses différées	650,000	609,000
Dépréciation	368,000	335,000
Amortissement du compte de l'exploration extérieure	350,000	—
	<u>1,368,000</u>	<u>944,000</u>
Bénéfices nets	<u>\$1,037,000</u>	<u>\$ 552,000</u>

### Source et utilisation des fonds

<i>Source</i>		
Recettes nettes	\$2,405,000	\$1,496,000
Vente de placements	776,000	6,697,000
Emission d'actions	700,000	1,545,000
Divers	25,000	—
	<u>3,906,000</u>	<u>9,738,000</u>
<i>Utilisation</i>		
Dépenses différées	717,000	357,000
Usine et équipement (net)	166,000	101,000
Acquisition de placements	2,222,000	1,550,000
Dividendes	542,000	514,000
Projets miniers (net)	1,468,000	2,713,000
Prêt bancaire à long terme	—	3,600,000
Divers	44,000	53,000
	<u>5,159,000</u>	<u>8,888,000</u>
<i>Augmentation (diminution) du fonds de roulement</i>		
Fonds de roulement, au début de l'exercice	2,706,000	1,360,000
Fonds de roulement, au 30 juin	1,453,000	2,210,000
	<u>(\$1,253,000)</u>	<u>\$ 850,000</u>

### Finances

(les chiffres comparatifs de 1967 sont entre parenthèses)

Les bénéfices nets se sont établis à \$1,037,000 après une provision de \$350,000 pour l'amortissement des dépenses dues aux explorations faites à l'extérieur. Les bénéfices pour le premier semestre de l'année dernière se sont montés à \$552,000 sans aucune provision pour l'amortissement des explorations. Celui-ci prévu pour l'année 1968 sera de \$400,000 (\$350,000).

Le rendement par action a été de 24¢ (13¢) et les recettes nettes de l'exploitation, après déduction due aux dépenses d'addition au capital et aux dépenses différées, se sont élevées à \$1,522,000 (\$1,038,000) — 35¢ (24¢) l'action.

Au 30 juin 1968, la valeur au marché des placements (en excluant Copper Rand, Rio Tinto Patiño, S.A. et la Nouvelle-Calédonie) était de \$43,720,000 (valeur comptable \$24,493,000).

Un dividende de 12½¢ l'action a été payé le 24 juin.

A Copper Rand la production du semestre a augmenté de 9% et un règlement de prix du cuivre plus élevé ont amené une augmentation du revenu de 17% sur les ventes de métaux.

Les chiffres de production comparatifs pour l'année sont:		
Semestre terminé le 30 juin	1968	1967
Minerai traité (tonnes)	349,700	344,300
Cuivre (livres)	12,479,000	11,515,000
Or (onces)	8,800	8,500
Argent (onces)	47,400	46,000

Rio Tinto Patiño, S.A. fait des progrès satisfaisants en portant à la production en 1970 sa mine de cuivre, d'or et d'argent et en construisant sa fonderie de cuivre, sa raffinerie et son usine d'acide sulfurique.

Au milieu de juin votre Société a soumis une demande officielle au gouvernement de France pour l'autorisation nécessaire de porter à la production les réserves de nickel-cobalt qu'elle a sous option en Nouvelle-Calédonie et d'y établir une usine métallurgique afin de produire un minimum de 50 millions de livres de nickel par an.

Le 12 juillet 1968 votre Société a émis l'annonce suivante: "Mr. E. R. E. Carter, Président de The Patiño Mining Corporation (PMC), déclare qu'une filiale étrangère (Realty Holdings) dont tout le capital est détenu par la PMC a conclu un accord le 12 juillet 1968 pour la pleine acquisition de plusieurs sociétés qui possèdent toutes les actions d'une société française détenant 4,400 acres de terrains avec 2.1 milles de côte sur la mer Méditerranée et situés aux environs ouest de Marseille en France. Cela provient d'un droit que la PMC a eu depuis milieu 1964. En attendant une étude plus approfondie la PMC est libre jusqu'au 30 novembre 1968 de se retirer sans aucun frais. Le prix d'acquisition comporte un versement comptant de \$4.5 millions U.S. en 1968 et de \$5 millions U.S. en 1973. Realty Holdings (la filiale de la PMC) aurait à sa disposition \$7 millions U.S. à 5% d'intérêt, remboursable en 1973. Les fonds additionnels nécessaires seraient obtenus par des prêts bancaires.

Le projet envisage l'aménagement du loisir et du tourisme sur plusieurs années et comprend la construction de logements secondaires, d'hôtels, de centres d'achat, de terrains de camping, de ports et d'autres facilités."

Au nom du Conseil d'administration,

*E. R. E. Carter*

Président directeur général,  
Toronto, le 29 juillet 1968.



The Patiño Mining Corporation  
Special announcement  
August 2, 1968

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The Patiño Mining Corporation  
(No Personal Liability)

The recent postal strike did not permit the forwarding to shareholders of an announcement made by the Company on August 2, 1968. The text of this announcement follows:

"Erskine Carter, President of The Patiño Mining Corporation, announced to-day that Dr. Armand Hammer, Chairman of the Board of Occidental Petroleum Corporation and Don Antenor Patiño R., President of Compañía de Bonos, Acciones y Negocios Industriales, S.A. (Cobanisa) had concluded an agreement for Occidental to acquire Cobanisa's controlling stock interest in The Patiño Mining Corporation.

Under the terms of the agreement Occidental has until September 14, 1968 to examine the financial worth of The Patiño Mining Corporation and determine whether, in the sole judgment of Occidental, a price of \$50 U.S. per share is justified.

If so, subject to necessary approval, Occidental will purchase a total of 2,490,000 shares of Patiño Mining from Cobanisa at \$50 U.S. a share. Occidental has further agreed to make an offer to all other Patiño Mining shareholders to purchase their shares at the same price.

The Patiño Mining Corporation, which is the leading Company in the Patiño Group, owns and operates producing copper mines in the district of Chibougamau, Quebec, Canada and conducts exploration programmes in Canada and other countries. It holds options on approximately 74,000 acres in New Caledonia considered to have sufficient ore in one deposit to warrant construction of a plant with a minimum annual capacity of sixty million pounds of nickel and cobalt. Application has been made to the Government of France for authorization to establish a nickel operation in New Caledonia.

In southern Spain, Rio Tinto Patiño, S.A., 40% owned by Patiño Mining, is developing a copper, silver and gold deposit in the Rio Tinto area and is constructing at Huelva, on the southern Atlantic coast of Spain, a copper smelter and refinery and a sulphuric acid plant with capacities of 55,000 tons of copper metal and 225,000 tons of sulphuric acid annually. These will be in production in 1970.

Patiño Mining owns 68% of the outstanding ordinary shares of Consolidated Tin Smelters Limited which treats approximately 40% of the free world's tin production. Through subsidiary and associated companies, Patiño Mining has interests in asbestos, zinc and lead and has management control of various industrial, construction and service enterprises.

Occidental is an international diversified producer and marketer of natural resources, industrial chemicals and plastics."

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ERZ Carter

E. R. E. Carter  
President and Chief Executive Officer

Toronto  
August 12, 1968



# The Patiño Mining Corporation

## Annonce spéciale

### le 2 août 1968

## The Patiño Mining Corporation

(sans responsabilité personnelle)



La récente grève postale n'a pas permis l'envoi aux actionnaires d'une annonce faite le 2 août 1968. Voici le texte de cette annonce:

"Erskine Carter, Président de The Patiño Mining Corporation, a annoncé aujourd'hui que le docteur Armand Hammer, Président du Conseil d'administration d'Occidental Petroleum Corporation et Don Antenor Patiño R., Président de la Compañía de Bonos, Acciones y Negocios Industriales, S.A. (Cobanisa) avaient conclu un accord pour l'acquisition par l'Occidental du contrôle des actions dans The Patiño Mining Corporation de Cobanisa.

"Aux termes d'un accord, Occidental doit, jusqu'au 14 septembre 1968, examiner la valeur financière de The Patiño Mining Corporation et déterminer si, par le seul jugement d'Occidental, un prix de \$50 U.S. l'action est justifié.

"S'il en est ainsi, sujet à une approbation nécessaire, Occidental achètera un total de 2,490,000 actions de Patiño Mining à Cobanisa à \$50 U.S. l'action. Occidental a en plus consenti à faire une offre à tous les autres actionnaires de Patiño Mining pour acheter leurs actions au même prix.

"The Patiño Mining Corporation, qui est la société principale du Groupe Patiño, détient et exploite actuellement des mines de cuivre dans le district de Chibougamau, Québec au Canada, et dirige des programmes d'exploration au Canada et dans d'autres pays. Elle détient des options sur environ 74,000 acres en Nouvelle-Calédonie qui sont considérés comme ayant suffisamment de minerai dans un gisement pour justifier la construction d'une usine avec un minimum de capacité annuelle de soixante millions de livres de nickel et de cobalt. Une demande a été faite au gouvernement de France pour l'autorisation d'établir un complexe de nickel en Nouvelle-Calédonie.

"Au sud de l'Espagne, Rio Tinto Patiño, S.A., dont Patiño Mining possède 40% est en train de développer un gisement de cuivre, d'argent et d'or dans le district de Rio Tinto et de construire à Huelva sur la côte sud Atlantique en Espagne, une fonderie et une raffinerie de cuivre et une usine d'acide sulfurique avec des capacités de 55,000 tonnes de métal de cuivre et 225,000 tonnes d'acide sulfurique par an. Tout ceci sera en exploitation en 1970.

"Patiño Mining détient 68% des actions ordinaires émises de Consolidated Tin Smelters Limited qui traite environ 40% de la production d'étain du monde libre. Par l'entremise de filiales et de sociétés associées, Patiño Mining a des intérêts dans l'amiante, le zinc, le plomb et a le contrôle de direction de plusieurs entreprises industrielles, de construction et de service.

"Occidental est producteur international diversifié et vendeur de ressources naturelles, de produits chimiques et plastiques."

E. R. E. Carter  
Président directeur général

Toronto  
le 12 août 1968